## Referee Report on: Different risk adjusted fund performance measures.

## Summary

The paper investigates the use of the Value at Risk measure as an alternative measure of risk for portfolio choice. Standard measures and the VaR measure are applied to rating a set of mutual funds.

## Main comments

- The paper is certainly not the first in comparing VaR to traditional measures of risk as is claimed in section 1. Guthoff, Pfingsten and Wolf (1996) and Kaplanski and Kroll (2000) were probably the first to do this formally; also see Danielsson, Jorgensen, Sarma and De Vries (2006). Note that an equilibrium model is available from Arzac and Bawa (1977).
- 2. Empirically, these measures have also been compared. See eg. Hahn, Pfingsten and Wagner (2002), Hyung and De Vries (2005 and 2007). In summary, both the theoretical and empirical literature should be better summarized. The specific contribution of the current paper should then be pin pointed.
- 3. Subsect 2.2.2 and Conclusion. It is not true that only VaR is based on historical data and therefore must assume that the future will be similar. This holds for all measures evaluated in the paper.

## Minor comments

- 1. Second paragraph is badly written (contains too long a sentence).
- 2. Sec 2.2, 3 para. advantages (plural).
- 3. Text and references Haan, not Hann.
- 4. Sec 3, 3<sup>rd</sup> para. sake (not shake).
- 5. Sec 4, 2<sup>nd</sup> para. Figures 3 and 4 (not 4 and 5).
- 6. Sec 5, last para. What do you recommend employing?
- 7. References/text Pickands (not Picklands).